

GRAND TRUNK RAILWAY.

To the Editor of the "Morning Chronicle."

SIR:—

My attention has been called to your leading article of this date under the above head. As it is known that I have, in the interest of the Preference Bondholders, been in communication with the Government on the subject, it has been suggested as desirable that I should state the facts as they are known to me, and I therefore ask permission to do so through your columns.

In obedience to instructions, I have then, after waiting to see if any action would be taken by other parties, approached the Government, asking that they will permit an Act to be passed this Session—for time is all important—giving facilities:—

First, for saving the property from further depreciation, and the entire stoppage of the road, which the Directors and the Government have declared to be imminent.

Secondly, for raising additional capital wherewith to satisfy the creditors, and put the line in a thoroughly efficient condition. And for this purpose *we do not require that the Government should contribute a single Dollar*

Now, Sir, as our propositions to the Government have not been made in a loose or indefinite manner, but have been put into writing, it is quite competent for the Legislature and the country to ascertain what those propositions are, should any doubt or dispute be raised as to what I am now stating.

The propositions have been embodied in the shape of a carefully prepared Bill, ready to be laid before Parliament, and which after a correspondence and interviews on the subject, I have submitted to the Government for adoption, "*with any alterations which may be agreed upon.*"

It is not my intention, nor is there a necessity that I should now go at any length into the provisions of that Bill. I will however, state its great leading features.

And first let me say that it is eminently conservative in every one of its provisions.

It seeks not to interfere with the legal rights or priorities of any parties interested in the property, whether those in litigation or otherwise. These it leaves—by clauses framed for the purpose—untouched, to be settled if need be, by the ordinary tribunals of the country.

Pending these litigations however, and to save valuable time, the Bill provides:—

- I. That the Office of Receiver shall be created over the entire property and earnings of the Company. Such Receiver to be appointed and removable by, and accountable to, the Court of Chancery.
- II. That the entire plant of the Company, now liable to seizure and sale shall be exempt after the passing of this Act, but to be valued under direction of the Court, as on the day when such seizure and sale could have been made; and in each part of the Province respectively.
- III. That if, and when, the Courts shall decide that any party had the right but for this Act to seize and sell the plant, then the duty of the Receiver shall be (subject to permission from the Preference Bondholders) to raise the amount of the valuation, in *new* first preferential Bonds, to become a *first* charge upon the property next after working expenses, as declared by the Act of 1858.
- IV. That with the monies so raised the Receiver shall pay, so far as this fund will extend, the Judgment and other creditors, in the order of priorities decided by the Courts of each part of the Province. The remaining claims, if any, of the simple contract creditors to be discharged by interest bearing Bonds of the Company.
- V. That power also be given to raise in *new* first preferential Bonds, half a million sterling, for equipping the road and placing it in a position for want of which it cannot now supply the wants of the Province, which is suffering severely in consequence.
- VI. That should any difference or dispute arise between the Receiver and Directors, or any creditor of the Company, whether in litigation or not, the party aggrieved shall have power to submit the same in a summary way to the Court, for its decision.
- VII. That the Receivership shall cease when all arrears of interest on bond debt of whatever class—except the present Provincial Debentures—shall have been paid out of earnings.

In return for the concession which the Preferential Bondholders would be making if this measure be adopted, it is asked that the Act shall provide that Bondholders of whatever class—except the Government—shall have the right to register and vote as Shareholders.

In this manner it is sought to place the management on a sound footing, by which the concern may in future be carried on as a purely commercial undertaking, and free from all extraneous influence, Governmental or otherwise.

And, Sir, if there be one cry more universal than another—whether among the Directors and share and bondholders at home, or the people of this Province who use or desire to use the Railway, or those Merchants and Traders who are able and willing to supply the line with plant and stores at a fair price, and free from jobbery, which is now so loudly complained of from one end of the Province to the other—it is the absolute necessity, without one moment's unnecessary delay, to have a complete and thorough change in the mode of conducting the business of this gigantic undertaking. And in common fairness, I am bound to say that in the personal interviews with which I have been honored by leading members of the Government, this feeling has been frankly avowed on their parts also.

There is one clause, Sir, and one clause only in this Bill to which I can imagine, in the present excited feeling on Grand Trunk affairs, exception may be taken. I allude to that in which provision is sought, that the money to be raised under the Act may be in whole or in part lent by the Province, subject to conditions which attach to the borrowing from any other lender; and giving power to the Governor in Council, to issue Provincial debentures at not exceeding six per cent interest and redeemable in 20 years, in exchange for new first Preferential Bonds of the Company.

A little calm reflection, apart if possible, from that feeling of vexation, and disappointment which unfortunately attends the past history of this concern, will serve I think to show that in the interest of the people of this Province, this clause should be retained, for the following among other reasons:—

1. Because it is admitted by all that it is the interest of none, especially not of the Province, that the road should be stopped.
2. Because the road must inevitably be stopped,—not, *perhaps*, now in the summer, but in the next winter,—when from the water communication being closed, it is of the greatest consequence to the Government, merchants, freighters and passengers, that the railway should be kept open—unless a large amount of money is raised to provide for pressing exigencies.
3. Because although the Bill contemplates that the money authorized to be raised shall be obtained in the market in the usual way, and in ordinary circumstances would be so obtained; yet it may so happen that at the time when it is required, England may be involved in war, or from some other like reason it may be difficult, if not impossible, except at a usurious rate, so to raise it.
4. Because one-third at least of the sum to be raised is to purchase additional property for the line, which by adding to its facilities will largely increase the receipts, thus giving additional security to the holders of their New Preferential Bonds, who for an advance of say one million and a half sterling would have an indisputable first mortgage on property upon which had been expended some fifteen millions sterling.
5. Because, experience having proved that whenever the Company has not been able to obtain funds from other sources, the Government have felt themselves—in the interest of the Province—coerced to make large advances, without the sanction of Parliament, it would be far safer and better—preventing as it would the violation of a principle, and being more consistent with the dignity of the Legislature—that it should authorise, within certain limits, the advance to be made.
6. Because the advances which have been made as already referred to, were so made to a confessedly bankrupt concern; whereas the advance which *possibly* might be made under the contemplated Act would be with the most ample security, and really contributing to the onward progress of a concern in which the best interests of the Province are intimately bound up, instead of being frittered away in dribblets doing good to no interest concerned.

But, Sir, let me remind you that the Bill was offered to the Government, subject to “any alterations which might be agreed upon,” and in my personal interview with the Premier, I stated that, we felt it our duty to submit this clause, leaving it to be dealt with as the Government and Parliament might think fit. And that there may be no mistake on this head, although for the reasons I have given, I think the clause should be retained, yet it is in accordance with my instructions to accept the Act,—if so it may be permitted to become—without.

And now, Sir, let me ask why should not this measure become law? I venture to think that when known in its entirety,—that it does not seek to interfere with any man's rights ;—that it does not, as has been stated, seek “to stop the suit, and ask the aid of the Legislature to cut the legal knot;”* but, on the contrary, expressly provides that the suits may be kept on foot and that the Receiver *to be appointed by the Court*, shall be under its control and direction in every particular ;—that it is not to be carried into operation if even a small minority of the Bondholders object ;—that it will keep alive the unsecured interests of the unfortunate Shareholders which will by the rejection or postponement of this measure be in effect completely extinguished ;—that it offers, I say it advisedly, even to the judgment creditors themselves and others having simple contract claims, a fuller and more speedy payment than they will otherwise get, *though they* were to resort to the extreme measure of seizure and sale, should the Courts permit ;—and lastly, but by no means least, that it offers to the users of the Railway a speedy relief from the difficulties and dangers which now beset them in their efforts to have themselves and their produce carried along the line ; difficulties and dangers which will be increased manifold, if another winter be allowed to pass with the present all but chaotic confusion which exists in the concerns of the Company.

One word more, Sir, and I have done. It is objected that I do not represent a sufficiently large number of Preference Bondholders to warrant this measure. Those whom I do actually represent are, however, an important section of that body, who have had the courage amid enormous difficulties, and necessarily large cost, to stand in the breach, and seek by an appeal to the tribunals of this country, to establish for themselves and the entire body, their legal rights. And were they selfishly to rest content to pursue their claims regardless of the many unprotected interests behind them, I need not have troubled the Government with the proposed Bill, or you, Sir, with this letter. As I have said, elsewhere, however, “they are Englishmen, and in a common danger they have a voice for others as well as for themselves.” They have made a friendly offer, it has not been accepted. Nor has any measure been proposed in its stead, to get rid of the difficulties, and positive dangers which environ the concern. The whole question has been postponed *sine die*, while swift destruction awaits the interests of every class, save that which I represent, and which has a first lien on the entire property.

But, Sir, I am warranted in saying that the number of Bondholders represented by me would have been far larger, probably, little short of the entire body, had not many of them been induced to make that last appeal to the Legislature, which is now on the tables of Parliament, and which they hoped,—against the convictions of those I do actually represent,—would result, partly at least, in pecuniary aid from the Government. That illusion is now dispelled and bitter will be the disappointment of those who were induced to subscribe to this undertaking purely and simply on the faith of the names of two leading capitalists in England, who were stated, and correctly stated, in the original Prospectus, as *Agents of the Province of Canada, and Directors of the Company, on behalf of the Canadian Government*. The names of these gentlemen, together with those of six others who were leading members of the then Administration of Canada, were held forth as a guarantee of the general accuracy of that Prospectus, wherein it was stated that upwards of 11 per cent might be expected for the money which was asked. The prayer of these petitioners, however, I submit will be complied with (short of the money aid expected) by the adoption of the Bill I have laid before the Government :—that prayer is as follows :—“Fully reserving all legal rights pertaining to the several kinds of securities they hold, your Petitioners therefore humbly pray your Honorable House to afford to your Petitioners such **SPEDDY** and effectual relief as, in the wisdom of your Honorable House, may be best adapted to the necessities and merits of the case of your Petitioners and may be most consistent with the rights of all parties.

With this Petition before them, and the Bill now proffered, why should not Parliament be called upon to exercise its wisdom? If it should do so, and having in addition, as they would necessarily have, the wants and wishes of the people of this Province in view, I cannot doubt the result; for I dare not believe that there is behind Parliament a greater power than Parliament itself.

I am Sir, yours respectfully,

WILL: PARE.

Russell's Hotel, Quebec, Saturday, 4th May, 1861.

* Vide “The Leader” May 3.